

AMENDED IN ASSEMBLY MARCH 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 843**

**Introduced by Committee on Higher Education (Liu (Chair),  
Nakanishi (Vice Chair), ~~Bogh, Shirley Horton, Jackson Berg,~~  
~~Bogh, Dymally, Shirley Horton, Jackson, Lowenthal, Matthews,~~  
Negrete McLeod, and Strickland)**

February 20, 2003

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An act to add Sections 66024.5, 66024.6, 66024.7, and 66024.8 to, and to add the heading of Article 3.5 (commencing with Section 66024.5) to Chapter 2 of Part 40 of, the Education Code, relating to public postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 843, as amended, Committee on Higher Education. Public postsecondary education: mandatory systemwide resident student fee policy.

Existing law, known as the Donahoe Higher Education Act, provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory systemwide fees, among other fees, be paid by students at these institutions. The provisions of the Donahoe Act apply to the University of California only to the extent that the Regents of the University of California act by resolution to make them applicable.

This bill would add provisions to the act to provide that the Regents of the University of California and the Trustees of the California State

University bear the primary responsibility for adjusting mandatory systemwide resident student fees at their respective systems. The bill would also add provisions to the act to require these universities to develop methodologies for the adjustment of fees in accordance with a prescribed procedure.

The bill would require the California Postsecondary Education Commission to annually review, and report to the Legislature and the Director of Finance about, the policies and procedures adopted pursuant to the bill.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The heading of Article 3.5 (commencing with  
2 Section 66024.5) is added to Chapter 2 of Part 40 of the Education  
3 Code, to read:

4  
5 Article 3.5. Student Fee Policy

6  
7 SEC. 2. Section 66024.5 is added to the Education Code, to  
8 read:

9 66024.5. The Legislature finds and declares all of the  
10 following:

11 (a) The state has long recognized the value of providing broad  
12 access to postsecondary education to the state's citizens. It has  
13 demonstrated that commitment by investing in postsecondary  
14 education and maintaining public student fee levels that are  
15 fiscally responsible and ~~as low as possible~~ *affordable*. The student  
16 fee principles expressed in this section seek to continue the state's  
17 historic commitment to ensuring access and maintaining quality  
18 throughout the state's public universities while recognizing the  
19 fiscal challenges that confront both the state and postsecondary  
20 education.

21 (b) Historically, the state has borne the preponderance of  
22 responsibility for providing the fiscal resources necessary to  
23 ensure that all eligible state residents have access to high-quality  
24 educational opportunities at the state's public colleges and  
25 universities. Further, the state bears the principal and overarching  
26 responsibility for ensuring that all financially needy students have



1 the financial assistance necessary for them to enroll in institutions  
2 of higher education and complete their postsecondary education  
3 objectives.

4 (c) Changes in resident student fees or in student financial aid  
5 funding or packaging policies should take into consideration the  
6 total cost to the student of attending the university, including  
7 mandatory campus-based student fees, housing and living  
8 expenses, as well as all other expenses associated with university  
9 attendance.

10 (d) Any necessary increases in mandatory systemwide fees  
11 should be accompanied by appropriate increases in funding for  
12 need-based student financial aid.

13 SEC. 3. Section 66024.6 is added to the Education Code, to  
14 read:

15 66024.6. The following state policies regarding mandatory  
16 systemwide resident fees and financial aid are established for  
17 students enrolled in the state's public universities:

18 (a) The total cost of a public postsecondary education should  
19 be a shared responsibility of students, families, and the State of  
20 California. However, in order to keep resident undergraduate  
21 student fees at the state's public universities as low and affordable  
22 as possible, the state shall bear the preponderance of responsibility  
23 for funding postsecondary education.

24 (b) So that students and their families can better prepare  
25 financially for college expenses, any changes in resident student  
26 fees should be gradual, moderate, and predictable. Any potential  
27 adjustments in resident student fees should take into consideration,  
28 and be balanced with, available state General Fund revenues to  
29 ensure that the access, quality, and affordability of the state's  
30 public universities are not adversely affected.

31 (c) Changes in resident student fees should take into  
32 consideration ~~both~~ the total cost of educating a student as well as  
33 ~~published indices reflecting families' ability to pay, such as the~~  
34 ~~percentage change in per capita personal income. Recognition of~~  
35 ~~the appropriate share of the cost of instruction to be paid by the~~  
36 ~~student. Student financial aid policy and programs should ensure~~  
37 ~~affordability for students from all income levels. Recognition of~~  
38 these indicators will better ensure that changes in resident student  
39 fees are gradual and moderate.

1 (d) As changes in resident student fees and financial aid  
2 resources are considered, the state should have an understanding  
3 of the impact that these changes will have on both current and  
4 prospective students. Efforts should be employed to mitigate any  
5 negative impact on financially needy students.

6 (e) To the extent that budget decisions are made in a timely  
7 manner, adequate advance notice should be provided to students  
8 regarding future student fees, thereby allowing them and their  
9 families greater time to prepare for the fees to be assessed.

10 (f) In order to ensure that access is not precluded for any  
11 eligible student, but particularly financially needy students, all  
12 current and prospective students should be provided with timely  
13 information concerning student financial aid, including the  
14 processes associated with applying for and obtaining student  
15 financial assistance.

16 (g) Students enrolled in graduate and professional programs  
17 that provide the prospect of significant personal economic returns  
18 may be subject to higher student fees. The regents and the trustees  
19 should provide a rationale for any differential student fees to be  
20 levied upon any cohort of graduate or professional school students.

21 (h) Student fee and financial aid policies should encourage and  
22 promote a student's timely completion of the requirements  
23 necessary for degree attainment.

24 (i) To ensure that financially needy students are provided with  
25 assistance in managing the total cost of their university attendance,  
26 financial aid programs, including institutional aid, should be  
27 aligned with the distinct financial needs of the systems' student  
28 populations and student fee levels.

29 (j) Revenues derived from student fees should remain within  
30 the respective university system's budget in order to provide  
31 benefits to the students enrolled within the system.

32 SEC. 4. Section 66024.7 is added to the Education Code, to  
33 read:

34 66024.7. (a) The Regents of the University of California and  
35 the Trustees of the California State University shall bear the  
36 primary responsibility for adjusting mandatory systemwide  
37 resident student fees at their respective systems.

38 (b) To carry out the responsibilities of this section, the regents  
39 and the trustees shall each develop a rational and transparent  
40 methodology for adjusting mandatory systemwide resident

1 student fees consistent with the student fee policy principles set  
2 forth in Section 66024.6. These methodologies shall be developed  
3 in consultation with appropriate student representatives *through*  
4 *student fee advisory committees* and, once developed, shall be  
5 formally adopted by the regents and the trustees, respectively, in  
6 open public meetings. *The annual budgets of the segments shall be*  
7 *drafted on the basis that fees will change in accordance with the*  
8 *methodology established under this section.*

9 (c) In adopting a methodology, each system shall take into  
10 consideration the impact that the methodology and its resulting  
11 outcome will have on students and the quality of the system. At a  
12 minimum, each system shall pay careful attention to the impact  
13 that the proposed methodology has on financially needy and  
14 underrepresented students, average time to degree completion,  
15 and the total cost to the student of obtaining a degree. To the extent  
16 that either system recognizes that the proposed methodology will  
17 have a negative impact, the system shall include a plan for  
18 mitigating that impact. Each system shall annually report to the  
19 Governor, the Legislature, and the California Postsecondary  
20 Education Commission concerning its analysis of the impact  
21 associated with implementation of its student fee methodology.

22 (d) (1) Employing the methodologies adopted under this  
23 section, the regents and the trustees shall annually propose an  
24 adjustment in the level of their respective mandatory systemwide  
25 resident student fees. The regents and trustees may not assume that  
26 State General Fund resources will be made available to backfill for  
27 any proposed changes in student fee levels.

28 (2) The proposed adjustments in student fees shall be discussed  
29 and acted upon by each system's governing body in an open public  
30 meeting. Consistent with the state's open meeting law provisions,  
31 each system's governing body shall provide an opportunity for  
32 interested constituents to comment on the proposed changes in  
33 student fees.

34 (e) The regents and the trustees shall discuss, and act upon, any  
35 proposed changes in student fees by no later than each November  
36 30 in order for those fees to take effect the academic term  
37 commencing after July 1 of the following calendar year. Following  
38 the governing body's action, each system shall employ appropriate  
39 procedures to notify students of the proposed changes in student  
40 fees. The Legislature finds and declares that this advance

1 notification will enable students and their families to better plan  
2 financially.

3 (f) The Legislature finds and declares both of the following:

4 (1) The Governor and Legislature should recognize the  
5 responsibility assigned to the segments under this article, and  
6 allow student fees to increase or decrease in a manner consistent  
7 with the respective methodologies adopted by the regents and the  
8 trustees.

9 (2) To the extent that the Governor or Legislature identify  
10 additional State General Fund resources to provide to higher  
11 education, they are encouraged to examine the overall fiscal needs  
12 of the state's public colleges and universities and provide state  
13 revenues to assist the universities in meeting their ongoing  
14 operational needs, rather than using limited state revenues to  
15 backfill for proposed changes in fee levels.

16 (g) If, following enactment of the annual Budget Act, because  
17 of budgetary restrictions or requirements, the level of student fees  
18 to be assessed in the upcoming academic year differs from those  
19 previously approved by the regents or the trustees, the affected  
20 governing body shall meet in open public session to discuss and act  
21 upon the revised level of student fees. This action shall occur in an  
22 open public meeting, and provide an opportunity for interested  
23 constituents to comment on the proposed change in student fees.  
24 The regents and the trustees shall bear the final and ultimate  
25 responsibility for determining the student fees to be assessed.

26 (h) Following the final action of its governing body, each  
27 ~~university~~ system shall employ appropriate procedures to notify  
28 students of the student fees to be assessed in the upcoming  
29 academic year. In addition, each system shall simultaneously  
30 provide students with information concerning the availability of  
31 student financial aid and the procedures for obtaining that aid in  
32 order to assist students with meeting the increased costs of  
33 university attendance.

34 (i) *(1) A system shall report to the appropriate legislative*  
35 *fiscal and policy committees by November 30 in any fiscal year in*  
36 *which any of the following situations occur:*

37 *(A) The system makes any change to the student fee*  
38 *methodology it adopts under this section.*

39 *(B) The system proposes any changes in its student financial*  
40 *aid policies or student financial aid funding levels.*



1     (C) *The proposed student fee or student financial aid policies*  
2     *are deemed by the appropriate governing body to have a possible*  
3     *negative impact on disadvantaged or financially needy students of*  
4     *that system.*

5     (2) *It is the intent of the Legislature that both of the following*  
6     *occur:*

7     (A) *The systems shall maintain comprehensive outreach*  
8     *programs to inform students and their families about fee levels and*  
9     *opportunities for student financial aid.*

10    (B) *Assistance for nontraditional and low-income students*  
11    *shall be a priority for the systems' outreach programs.*

12    (j) As used in this section:

13    (1) "Governing body" refers to the regents or the trustees, as  
14    appropriate.

15    (2) "Student fee" refers to mandatory systemwide resident  
16    student fees.

17    (3) "System" refers to the University of California or the  
18    California State University, as appropriate.

19    SEC. 5. Section 66024.8 is added to the Education Code, to  
20    read:

21    66024.8. Each year, prior to ~~December~~ *March* 1, the  
22    California Postsecondary Education Commission shall review  
23    institutional compliance with the policies set forth in this article,  
24    and report, in writing, to the Legislature and the Director of  
25    Finance any findings, conclusions, or recommendations of the  
26    commission regarding the implementation of these policies.